

Attachment 7

Document Describing

TruGreen Lawn Specialist Pay Plan

**Source: TruGreen Document Production
(TRU 54-58)**

THE TRUGREEN Companies™

Lawn Specialist Compensation Plan Recap - 2003

Compensation Component	Description	Frequency										
Base Salary	Receive a competitive base wage and are paid overtime compensation for the hours they work over 40 hours per week (or other wise stated by state law)	Weekly										
Commission Sales	Commission is earned on all audited sales sign-ups, excluding beneficial sales, which can be produced in the current calendar year. <ul style="list-style-type: none">15% commission is earned during regular production10% commission is earned on pre-season sales	Weekly										
Bonus Production	Eligible to earn a bonus of 5% of the revenue produced from service delivered to all their audited sales sign-ups within the current calendar year. <ul style="list-style-type: none">This only applies to revenue from customers the Specialist is credited with signing-up during the current calendar year.Specialists are not eligible for the bonus if they have a change in status<ul style="list-style-type: none">leave the position of specialistleave the branch where sales are madeleave the company	Weekly										
Commission Beneficial Services	Route Managers are rewarded for their beneficial services sales effort by earning a 10% commission on all their audited beneficial services sales revenue, which is produced in the current calendar year.	Weekly										
Commission Production Revenue	Specialist receives a commission when total weekly production revenue exceeds their weekly goal. The commission is applied to all production revenue over their goal completed in that week. <table><tr><th>Revenue over Goal produced per week</th><th>Over Goal Commission Percent</th></tr><tr><td>0 to goal</td><td>0.0%</td></tr><tr><td>Over goal to 20% over goal</td><td>7.0%</td></tr><tr><td>21% to 40% over goal</td><td>8.0%</td></tr><tr><td>41% and up over goal</td><td>9.0%</td></tr></table>	Revenue over Goal produced per week	Over Goal Commission Percent	0 to goal	0.0%	Over goal to 20% over goal	7.0%	21% to 40% over goal	8.0%	41% and up over goal	9.0%	Weekly
Revenue over Goal produced per week	Over Goal Commission Percent											
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Over goal to 20% over goal	7.0%											
21% to 40% over goal	8.0%											
41% and up over goal	9.0%											
Bonus Route Customer Retention	The Branch Manager communicates monthly the route customer retention objective, which is established by the route analysis process. If the Route Manager meets or improves upon the monthly route customer retention objective, he/she will be eligible to receive a monthly bonus according to the following schedule: <table><tr><th>Improvement over monthly route retention objective</th><th>Bonus Percent</th></tr><tr><td>Objective to 4.9% improvement</td><td>7% of monthly total earnings</td></tr><tr><td>5.0% to 9.9% improvement</td><td>8% of monthly total earnings</td></tr><tr><td>10.0% to 14.9% improvement</td><td>9% of monthly total earnings</td></tr><tr><td>15.0% and up improvement</td><td>10% of monthly total earnings</td></tr></table>	Improvement over monthly route retention objective	Bonus Percent	Objective to 4.9% improvement	7% of monthly total earnings	5.0% to 9.9% improvement	8% of monthly total earnings	10.0% to 14.9% improvement	9% of monthly total earnings	15.0% and up improvement	10% of monthly total earnings	Monthly
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10.0% to 14.9% improvement	9% of monthly total earnings											
15.0% and up improvement	10% of monthly total earnings											
Weekly Attendance	<ul style="list-style-type: none">The Specialist must have perfect attendance each week of the monthThe total Customer retention bonus potential earnings, if any, will be reduced by 25% for each week during the month the Specialist does not have perfect attendanceIn months where there are five weeks of payroll, the reduction for attendance will be 20% per weekApproved vacation will not be counted toward the reduction	Weekly										
Calculating Overtime	Weekly sales commission/bonus are calculated when calculating overtime.											

A detailed description of your plan is available from your supervisor or RPSM

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WEEKLY PRODUCTION REVENUE COMMISSION

A Specialist receives a commission when total weekly production revenue exceeds their weekly goal. The production commission percentage increases as the total weekly production over goal increases. The commission percentage is applied to all production revenue over their goal completed in that week.

WEEKLY PRODUCTION REVENUE COMMISSION SCHEDULE

<i>Revenue Over Goal Produced per Week</i>	<i>Over Goal Commission Percent</i>
0 to goal	0.0%
over goal to 20% over goal	7.0%
21% to 40% over goal	8.0%
41% and up over goal	9.0%

WEEKLY ATTENDANCE

Being at work each day on time is essential in providing quality service to our customers. Meeting our customer's expectations is possible only if all Specialists are at work, on time each and every day they are scheduled to work. Every day a Specialist is absent, their work must be assigned to other members of the team, who have to work harder to satisfy more customers. This increased workload makes it difficult to do all the things that add to customer satisfaction and retention. The end result is that customers cancel our service. This impacts everyone, the Specialist's production earnings are reduced, the Sales Department has to add new accounts at a higher cost and the Branch's overall profitability is significantly decreased. The bottom line is it pays to come to work on time every day for your benefit, your co-workers and the company.

MONTHLY ROUTE CUSTOMER RETENTION BONUS

The Specialist may be eligible to earn a bonus if he/she achieves customer retention objectives in his/her route. The Branch Manager will communicate the monthly route customer retention objective, which is established by the route analysis process. If the Specialist meets or improves upon the monthly route customer retention objective, he/she will be eligible to receive a monthly bonus according to the following schedule:

MONTHLY ROUTE CUSTOMER RETENTION BONUS

<i>Improvement Over Monthly Route Retention Objective</i>	<i>Bonus Percent</i>
Objective to 4.9% improvement	7% of monthly total earnings.
5.0% to 9.9% improvement	8% of monthly total earnings.
10.0% to 14.9% improvement	9% of monthly total earnings.
15.0% and up improvement	10% of monthly total earnings.

DATE: 01/01/2003 This plan supersedes all previous plans.

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The following guidelines apply to the Monthly Customer Retention Bonus:

- 1.) The Specialist must have perfect attendance each week of the month.
- 2.) The total Customer Retention Bonus potential earnings, if any, will be reduced by 25% for each week during the month the Specialist does not have perfect attendance.
- 3.) In months where there are five weeks of payroll, the reduction for attendance will be 20% per week.
- 4.) Approved vacation will not be counted toward the reduction.

CALCULATING WEEKLY OVERTIME ON HOURS IN EXCESS OF 40 PER WEEK

Specialists are paid overtime compensation for any hours they work over forty hours in a workweek. Overtime compensation is computed by first determining an hourly rate for the week. This is accomplished by dividing the weekly salary and all weekly commissions and bonuses earned during the week by the total hours worked during the week to arrive at an average **hourly rate** for that workweek. (Does not include any monthly customer retention bonus.) The hourly rate is multiplied by the hours worked up to forty to determine the straight time component of the Specialist's pay for the week. (Note: The hourly rate may change from workweek to work week depending upon the hours worked and the commission earned, but the hourly rate will never fall below the applicable Federal or State Minimum Wage.)

The average hourly rate is then multiplied by 1.5 to determine the **overtime rate**. The overtime rate is multiplied by any hours worked more than forty to determine the **overtime premium**.

EXAMPLE ONE:

Bonnie Bramlett, a specialist, has a base wage of \$325 per week. She worked 57 hours during the week and did not earn any production revenue commission.

AVERAGE HOURLY RATE
\$325 divided by 57 hrs. = \$5.70

OVERTIME RATE
\$5.70 X 1.5 = \$8.55

STRAIGHT TIME
40 hrs. X \$5.70 = \$228.00

OVERTIME PREMIUM
17 hrs. X \$8.55 = \$145.35

TOTAL WEEKLY PAY
\$228.00 + \$145.35 = \$373.35

DATE: 01/01/2003 This plan supersedes all previous plans.

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EXAMPLE TWO:

If Bonnie earns production revenue commission during the same week, the amount of the production revenue commission is included in the overtime calculation. For example, assume Bonnie has a goal of \$ 5,000 and she produced \$6,500 in revenue by the end of Friday.

Bonnie produced \$1,500 or 30% over her weekly goal. She would earn \$1,500 times 8% or \$120.00.

AVERAGE HOURLY

\$325
 +\$120 commission =
 \$445 divided by 57 hrs. = \$7.80

OVERTIME RATE

\$7.80 X 1.5 = \$11.70

STRAIGHT TIME

40 hrs. X \$7.80 = \$312.00

OVERTIME PREMIUM

17 hrs. X \$11.70 = \$198.90

TOTAL WEEKLY PAY

\$312.00 + \$198.90 = \$510.90

EXAMPLE - CUSTOMER RETENTION BONUS:

The Monthly Route Customer Retention Bonus target was 96%. Bonnie had a monthly retention rate in her route of 96.6%, which is a .63% improvement over the route objective of 96%. Bonnie's performance earned a bonus of 7% of her total monthly earnings. You calculate the monthly route customer retention bonus by first adding up all the weekly earnings in the month. We will assume in week one Bonnie earned \$373.35 as she did in example one. In week two, Bonnie earned \$510.90 as she did in example two. In week three she earned \$373.35 and in week four \$510.90.

Week One:	\$373.35
Week Two:	\$510.90
Week Three:	\$373.35
Week Four:	<u>\$510.90</u>
Monthly Total Earnings:	\$1768.50

Monthly total earnings X Bonus % = Monthly route customer retention bonus

\$1768.50 X 7% = \$123.80

Bonnie earned a monthly customer retention bonus of \$123.80. The bonus will be added to her weekly paycheck as soon as practical after the month end calculation. The bonus is calculated using Bonnie's gross earnings, which includes her overtime earnings. Because this calculation already includes her overtime, it is not necessary to recalculate her individual week earnings to account for her overtime.

DATE: 01/01/2003 This plan supersedes all previous plans.

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PAYDAY PERIODS

A Specialist receives a weekly paycheck. Paychecks are normally distributed on Fridays, and are for the period ending on the previous Saturday.

This Plan becomes effective on January 1, 2003. This Plan supersedes all previous such plans, and continuing employment with TruGreen ChemLawn constitutes agreement to the Plan. All results are subject to audit and verification by TruGreen ChemLawn. Your participation in this Plan does not constitute a contract of employment between yourself and TruGreen ChemLawn, which may be ended at any time by either party. Any participant who misrepresents or attempts to circumvent company policy and/or procedure, including the spirit and intent of the Plan will be disqualified from any commission payment and will be subject to discipline up to and including termination. TruGreen ChemLawn reserves the right to suspend, terminate or modify all or any part of this Compensation Plan at any time.

ADDITIONAL CRITERIA:

I have read this Compensation Plan and have discussed it with my supervisor and I agree to abide by the policies and procedures and guidelines set forth herein.

Employee (Signature)

Date

Employee (Print Name)

Branch Manager (Signature)

Date

DATE: 01/01/2003 This plan supersedes all previous plans.

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